

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
December 8, 2021

Northstar Courts, located at 2601 N. 11th Avenue in Hanford, requested and is being recommended for a reservation of \$1,377,558 in annual federal tax credits and \$10,331,681 in total state tax credits to finance the new construction of 71 units of housing serving large families with rents affordable to households earning 15-60% of area median income (AMI). The project will be developed by UP Holdings California, LLC and will be located in Senate District 14 and Assembly District 32.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Continuum-of-Care Project-based Vouchers. The project financing includes state funding from HCD's NPLH and Joe Serna, Jr. programs.

Project Number	CA-21-735		
Project Name	Northstar Courts		
Site Address:	2601 N. 11th Avenue		
	Hanford, CA 93230	County:	Kings
Census Tract:	6031000602.00		

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$1,377,558	\$10,331,681
Recommended:	\$1,377,558	\$10,331,681

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant:	UP Northstar LP
Contact:	Jessica H. Berzac
Address:	6083 N. Figarden Drive, #656 Fresno, CA 93722
Phone:	773-936-5014
Email:	jessica@upholdings.net
General Partner(s) or Principal Owner(s):	Self-Help Enterprises UP Northstar, LLC
General Partner Type:	Joint Venture
Parent Company(ies):	Self-Help Enterprises UP Holdings California, LLC
Developer:	UP Holdings California, LLC
Bond Issuer:	California Municipal Finance Authority
Investor/Consultant:	Community Economics, Inc.
Management Agent:	GSF Properties Inc. and UPA, LLC

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 72
 No. / % of Low Income Units: 71 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt/
 HUD Section 8 Project-based Vouchers (9 units / 13%)/
 HUD Continuum-of-Care Project-based Vouchers (13 units / 18%)

Information

Housing Type: Large Family
 Geographic Area: Central Valley Region
 TCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 23	32%
60% AMI: 48	68%

Unit Mix

33 1-Bedroom Units
21 2-Bedroom Units
18 3-Bedroom Units
72 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
10 1 Bedroom	15%	\$196
6 1 Bedroom	30%	\$196
17 1 Bedroom	60%	\$784
5 2 Bedrooms	30%	\$236
15 2 Bedrooms	60%	\$942
1 3 Bedrooms	30%	\$271
1 3 Bedrooms	30%	\$543
16 3 Bedrooms	60%	\$1,087
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$665,000
Construction Costs	\$23,811,861
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,381,186
Soft Cost Contingency	\$184,999
Relocation	\$0
Architectural/Engineering	\$569,000
Const. Interest, Perm. Financing	\$2,615,029
Legal Fees	\$30,000
Reserves	\$980,657
Other Costs	\$1,405,651
Developer Fee	\$4,492,030
Commercial Costs	\$0
Total	\$37,135,413

Residential

Construction Cost Per Square Foot:	\$266
Per Unit Cost:	\$515,770
True Cash Per Unit Cost*:	\$490,235

Construction Financing

Source	Amount
KeyBank Tax-Exempt Loan	\$19,131,646
KeyBank Taxable Loan	\$9,290,112
King County Loan **	\$1,166,795
King County - HHAP Loan	\$205,000
City of Hanford - PLHA Loan	\$306,561
Tax Credit Equity	\$2,080,112

Permanent Financing

Source	Amount
KeyBank	\$1,827,000
HCD - NPLH non competitive	\$500,000
HCD - NPLH competitive	\$4,961,026
HCD - Joe Serna, Jr. Loan	\$5,231,901
King County Loan **	\$1,166,795
King County - HHAP Loan	\$205,000
City of Hanford - PLHA Loan	\$306,561
GP Equity	\$500,000
Deferred Developer Fee	\$1,838,508
Tax Credit Equity	\$20,598,623
TOTAL	\$37,135,413

* Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

** King County Behavioral Health Department - Whole Person Care Housing funds

Determination of Credit Amount(s)

Requested Eligible Basis:	\$34,438,938
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$34,438,938
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,377,558
Total State Credit:	\$10,331,681
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,492,030
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.89530
State Tax Credit Factor:	\$0.80000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The proposed rents for the 22 rent subsidized units do not include any utility allowance. The owner will pay all utilities for these units.

The project is required to reserve units for onsite managers pursuant to TCAC Regulations section 10325(f)(7)(J).

Pursuant to TCAC Regulation Section 10326(g)(5), general partners and management companies lacking documented experience with Section 42 requirements using the minimum scoring standards at Section 10325(c)(2)(A) and (B) shall be required to complete training as prescribed by TCAC prior to a project’s placing in service. Specifically, the management company UPA, LLC shall complete training as prescribed by TCAC prior to the project's placing in service.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.